

Message Text

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PAGE 01 CANBER 00950 110703Z

15

ACTION EB-07

INFO OCT-01 EA-06 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

(ISO) W

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R 110621Z FEB 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 5039

INFO USMISSION GENEVA

AMEMBASSY TOKYO

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GENEVA FOR MTN AND TSB DELEGATIONS

E.O. 11652: N/A

TAGS: ETRD, GATT, AS

SUBJ: AUSTRALIAN TEXTILE TARIFF QUOTAS - TSB CONSIDERA-
TION

REF: GENEVA 0856

1. EMBASSY SHARES U.S. REPS JUDGMENT PARA 8 REFTEL
ON PROBABILITY AUSTRALIA MIGHT WITHDRAW FROM MFA
UNDER CIRCUMSTANCES POSTULATED. WE UNDERSTAND
PRINCIPAL GOA DRIVE TO FOSTER INTERESTS OF
DEVELOPING COUNTRIES. AS NET TEXTILE IMPORTER GOA
HAD LITTLE ADVANTAGE TO GAIN FROM LIMITING ITS OPTIONS
IN DEALING WITH IMPORTS. GOA FACED NOW WITH SEVERE
DOMESTIC POLITICAL PRESSURE BY SENSITIVE AND DEPRESSED
TEXTILE SECTOR MIGHT WITHDRAW FROM MFA IF CONTINUED
PARTICIPATION EMBARRASSES IT IN MEASURES NOW UNDERWAY
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PAGE 02 CANBER 00950 110703Z

TO COMBAT HIGH UNEMPLOYMENT LEVELS.

2. EMBASSY NOT IN POSITION EVALUATE TECHNICAL POINTS
RAISED REFTEL RESPECTING SUBSTANCE MFA AND INTERRELATION
WITH GATT OBLIGATIONS. FURTHERMORE, AUSTRALIA DESERVES
NO IMMUNITY FROM INTERNATIONAL PRESSURE TO COMPLY AT
LEVELS IN FACT TRADITIONALLY ENFORCED ON OTHER COUNTRIES.
WITHOUT PRE-JUDGING WHETHER PROPOSAL REFTEL IS SUCH CASE,
HOWEVER, EMBASSY WOULD QUESTION DESIRABILITY AT THIS
TIME OF SUBJECTING GOA TO UNUSUALLY STRINGENT BEHAVIOUR
STANDARD ON GENERAL EQUITY GROUNDS NOT
EXPLICITLY SUPPORTABLE IN GATT OR MFA.

3. RECENT GOA TRADE POLICY HAS REFLECTED GROWING PANIC
OVER POLITICAL EFFECTS OF STEADILY INCREASING INDUSTRIAL
UNEMPLOYMENT WHICH HAS NOW REACHED LEVELS NOT SEEN SINCE
1930S. TO OUR REGRET, THIS HAS PRODUCED EXCESSIVE GOA
READINESS TO PLACATE IMPORT SENSITIVE INDUSTRIES WITH
RESTRICTIVE ACTION AND LIGHTLY TO REVERSE PAST POLICY
INTENTIONS OF THE LABOR GOVERNMENT. WE ARE FRANKLY
UNCERTAIN WHETHER THIS RETREAT IS IRREVERSIBLE, OR
WHETHER SOME ELEMENTS OF GOA WHICH WE KNOW STILL STRONGLY
DRAWN TO TRADE LIBERALIZATION AND INDUSTRIAL RESTRUCTURING
CAN SALVAGE SOME OF ORIGINAL LIBERAL THRUST IN THE EVENT
CURRENT MEASURES REVERSE EMPLOYMENT TREND. LATTER
OUTCOME MOST DESIRABLE FROM THE STANDPOINT OF U.S. INTERESTS
IN CONSTRUCTIVE AUSTRALIAN PARTICIPATION IN THE MTN AND
MODERATION IN FUTURE AUSTRALIAN TRADE POLICY.

4. THE QUESTION IS WHAT U.S. POSTURE TOWARD AUSTRALIA'S
VARIOUS RESTRICTIVE MEASURES WILL BEST PROMOTE THIS
OUTCOME. WE HAVE TWO SUGGESTIONS TO MAKE: (1) WHERE
AUSTRALIA FALLS SHORT OF ITS OBLIGATIONS BY WELL
ESTABLISHED, CLEARLY ACCEPTED INTERNATIONAL STANDARDS,
IT SHOULD STRENGTHEN THE HAND OF CONSTRUCTIVE ELEMENTS
IN THE GOA IF WE SUPPORT FIRM INTERNATIONAL OBJECTIONS
AND PROPER REMEDIAL PROCEDURES; (2) ON THE OTHER HAND
THE APPLICATION OF EXCEPTIONAL OR UNUSUAL PRESSURE TO
AUSTRALIA SEEMS UNLIKELY TO PRODUCE CONSTRUCTIVE RESULTS
AND MAY PREJUDICE ANY REMAINING CHANCE FOR MODERATE
LONGER TERM TRADE POLICY. THIS WOULD SUGGEST THAT THE U.S. MAY HAVE
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PAGE 03 CANBER 00950 110703Z

MORE TO LOSE THAN GAIN, SO FAR AS AUSTRALIA IS CONCERNED,
BY PROMOTING OR SUPPORTING AN EFFORT TO BREAK NEW
GROUND IN THE APPLICATION OF GATT/MFA STANDARDS TO CURRENT
AUSTRALIAN TRADE MEASURES.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, IMPORT QUOTAS, TRADE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CANBER00950
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750049-0080, D750050-0855
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750255/aaaabwxw.tel
Line Count: 112
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 GENEVA 0856
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 JUN 2003 by KelleyW0>; APPROVED <25 JUN 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AUSTRALIAN TEXTILE TARIFF QUOTAS - TSB CONSIDERA- TION
TAGS: ETRD, AS, GATT, MFA, TSB-TEXTILES SURVEILLANCE BODY
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006